

America's Hospitals and Health Systems

March 22, 2004

Dear Representative:

On behalf of our many hospitals, health care systems, network and provider members, we are writing to strongly oppose the inclusion of any Medicaid spending cuts in the House Fiscal Year (FY) 2005 Budget Resolution. Hospitals are a key health care safety net for the nation's 50 million Medicaid beneficiaries and for Americans without health care coverage.

We applauded Congress' move to restore much needed Medicaid disproportionate share hospital (DSH) funding in the recently enacted Medicare Modernization Act (MMA). These funds are critical for the care and well being of our most vulnerable populations. It is not consistent that less than six months after committing to this critical support of Medicaid, Congress may propose a budget that effectively could result in the loss of the entire relief package and more.

We strongly urge you to protect Medicaid from additional cuts. It is critical that no reconciliation instructions are sent to the House Energy and Commerce Committee that provide procedural protection for enacting reductions to the Medicaid program.

Finally, it is important to recognize that on June 30, 2004, the \$10 billion in temporary state fiscal relief provided last year through increases to Medicaid's federal medical assistance percentage (FMAP) expires. We suggest that Congress reject cuts to the program in addition to supporting an extension of the enhanced federal medical assistance percentage until local economies stabilize.

We urge you to ask your leadership to restore full funding for Medicaid. Thank you for your consideration.

Sincerely,

**American Hospital Association
Association of American Medical Colleges
Catholic Health Association of the United States
Federation of American Hospitals
National Association of Children's Hospitals
National Association of Public Hospitals and Health Systems
VHA Inc.**